



## **Manchester City Council**

### **Project Management Review**

**14 September 2010**

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## Summary of findings

### ***Background and purpose of the review***

- 1.1 Manchester City Council has a number of significant projects underway, including the Town Hall complex transformation programme, with a budgeted investment of approximately £155m. The Council's vision is that the programme will improve services for local people, create a modern working environment for staff and develop new commercial opportunities, all contributing to the sustainable economic growth of the City region.
- 1.2 The Town Hall complex transformation programme was approved in February 2009 and an overall programme of work was developed, incorporating five separate elements and associated key milestones. A senior management structure is responsible for delivery of the project, supported by a Project Board which is chaired by the Strategic Director for Transformation. A Member's Review Panel has been established to oversee the programme.
- 1.3 It is important that the Council's major projects, including the Town Hall complex transformation programme, are managed in a cost efficient and effective manner in order to secure value for money. There is a risk that project aims and objectives will not be achieved if the Council's project management arrangements are ineffective or not fully adhered to.

### ***Scope and methodology of the review***

- 1.4 We carried out a high level review of the adequacy of the Council's project management arrangements, including an assessment of the Council's risk management and performance management arrangements in relation to significant projects.
- 1.5 We reviewed how project management arrangements have been applied to the Town Hall complex transformation programme, including:
  - reviewing relevant internal audit work and recommendations on completed projects
  - interviewing key officers within the Council to gain an understanding of the arrangements in place
  - reviewing key documents that support the processes in place
  - comparing existing arrangements with established best practice and other guidance.

### **Key findings and recommendations**

- 1.6 The common theme emerging from our review is that the Council has robust project management processes across the Transformation programme. It has learned from previous large scale change programmes, has sought appropriate input from practitioners within and external to the Council and has applied good practice project management arrangements to the Transformation programme.
- 1.7 The work completed to date provides a good base for completion of the project. It is essential that the Council continues to plan, monitor and deliver the Transformation programme in this manner to ensure planned objectives and outcomes are delivered during a period of uncertainty and economic instability.
- 1.8 Our review of the Town Hall complex transformation programme identified a number of areas of good practice, including:
- **a well designed structure to the Transformation programme** - the programme is appropriately divided across a number of projects and sub projects. This allows for clear project plan monitoring and clearly defined leadership and lines of communication.
  - **an appropriate and robust governance structure throughout the Transformation programme** - authority is delegated appropriately and there has been frequent communication between the Senior Responsible Officer, other officers and members. Decision making flows appropriately through a number of forums from Project Steering Groups through to Council Executive and Council Scrutiny Panel. Decisions made have been appropriately recorded.
  - **identification of areas where external expert input is required to enrich the skills within the Council** - project management and leadership is delivered by Council officers, supplemented by external advisors. The Council has engaged leading industry experts to assist with planned changes in working practices and has an internal "Transformation" team linked into the redesign of facilities to ensure design promotes the desired outcomes and service reconfiguration. The team has assessed working practices prior to the programme commencing, and these will be re-evaluated during and after the programme is completed.
  - **consistent application of the Manchester Method of project management and the Gateway process for capital projects** - project and programme timetables are in place to review progress and ensure project interdependencies are managed. Approval Gateway processes are well defined, managed and recorded. The Transformation programme has been subject to a number of Gateway reviews as prescribed within the Manchester City Council Project Management Handbook. The required processes have been followed.

- **good risk management arrangements** - risks to the delivery of the project are documented and regularly assessed through risk management workshops. Risk management and mitigation is a standing item on Project Board meetings. The Council has, as far as possible, managed the planning risk associated with the Transformation programme through extensive consultation with interested parties (for example, with English Heritage in relation to the listed building status of the Town Hall Extension).
- **sound application of budgetary control procedures** - budgetary controls are robust and well documented, with a regular and consistent reporting framework. Budgetary information is held centrally to support project directors. Budgets are monitored on a monthly basis and budget movements are appropriately reported and approved.
- **appropriate procurement arrangements** - contracts are procured through either the Official Journal of the European Union (OJEU) or the North West Construction Hub Framework. The Council has separated the design and construction of major capital elements to secure cost certainty as the programme develops. Evaluation of contract tender submissions has been designed to remove any potential bias towards organisations and to focus on defined outcomes and cost.
- **application of knowledge from other projects** - the Council has clearly drawn upon experience from other significant procurement exercises and major projects, such as Building Schools for the Future schemes, to enhance the skills and experiences available to the Transformation programme.

1.9 Our review has also identified some development areas which the Council should consider in order that the planned objectives for the programme are delivered:

- The overall budget includes a savings requirement of £10m, to be identified in completing all aspects of the programme. The Project Board needs to monitor the delivery of these savings, and review whether this level of required savings is sufficient in the current economic climate
- Following consultation with English Heritage regarding the listed building status of the Town Hall, the Council has taken the view that obtaining planning approval is not critical to the overall programme timetable. There is a risk that public consultation could either prolong the planning, and subsequent design and contractual processes, delay the programme or have additional budget implications. We recommend that all aspects of the planning approval process are prioritised so as not to jeopardise the programme timetable.

- It is unclear how the austerity measures arising from the current economic climate will impact upon the Council's direction, and therefore its future plans. The Council should continue to consider the implications of this within its project management and any necessary changes should be implemented and monitored with at least the same level rigor and management as observed so far in the Transformation programme.
- The project timescale has only limited scope for slippage and the Council must ensure it has moved out of the leased First Street accommodation, and back into the Town Hall extension, prior to the end of the lease at First Street. Therefore, the Council must continue to closely monitor the interdependent aspects of the programme and ensure contractors are appropriately incentivised to deliver both to timescale and budget.

1.10 The recommendations arising from the issues above are documented in the Action Plan at Appendix A and have been discussed and agreed with the Director of the Manchester Improvement Programme.

#### ***Use of this report***

- 1.11 This report has been prepared solely for use by the Council to discharge our responsibilities under the Audit Commission Code of Audit Practice and relevant auditing standards and should not be used for any other purpose. No responsibility is assumed by us to any other person.
- 1.12 This report includes only those matters that have come to our attention as a result of performance of the review. The review was not designed to identify all matters that may be relevant to the areas under consideration.

#### ***Acknowledgements***

- 1.13 We would like to record our appreciation for the co-operation and assistance provided to us by the Council's officers during the course of our review.

**Grant Thornton UK LLP**  
**14 September 2010**

## Appendix A - Action Plan

Rec.	Issue / Recommendation	Priority	Council response	Implementation details
<b>Achieving Budget Savings</b>				

Rec.	Issue / Recommendation	Priority	Council response	Implementation details
1	The overall budget includes a savings requirement of £10m to be identified in completing all aspects of the programme. The Project Board needs to monitor the delivery of these savings, and review whether this level of required savings is sufficient in the current economic climate.	High	<p>The THCTP budget has already been amended from the original budget of £164m to the revised £154m budget. Spending is reviewed by the Project Board against this revised budget. Comments on potential impacts arising from future austerity measures will be taken on board and carefully monitored as they arise</p> <p>Members and officers are committed to this programme which will generate savings in property, as staff relocate from a number of other admin buildings into the refurbished THX. Furthermore, restructuring of Council services to transform and improve both back of house and front of house services is supported by the THCTP. These additional savings are being captured as part of the property review and AIM cross-cutting activities.</p>	
<b>Achieving Planning Approval</b>				
2	The Council should ensure that planning approval is secured so as not to jeopardise the timetable of the programme.	High	The Town Hall Transformation team are aware of the importance of tracking the planning approval process and will continue to prioritise this workstream.	
<b>Achieving re-deployment in the Town Hall Extension</b>				

Rec.	Issue / Recommendation	Priority	Council response	Implementation details
3	<p>To avoid unnecessary cost and disruption, the Council must ensure it has moved out of the leased First Street Accommodation, and back into the Town Hall extension prior to the end of the lease at First Street. With only limited scope for timetable slippage, the Council must continue to actively monitor the interdependent aspects of the project, and ensure contractors are appropriately incentivised to deliver programme aspects within budget and timetable. Council responsibility should be carefully managed and contingencies in place to ensure that areas do not become "critical" to redelivering services and staff from the Town Hall Extension</p>	High	<p>Considerable time and effort is being put into joint partnering work with the contractor to ensure that we have buy in to the project design, budget and programme. In respect of incentives for the contractor to deliver, we are looking at liquidated and ascertained damages (LADs) but we are also exploring other alternatives which may be more appropriate. The selected contractor is on the North West Construction Hub and will be looking to work with the City Council in the future and this provides an important incentive to deliver.</p> <p>The City Council already has contingencies in place in terms of leased accommodation if there is any slippage to the programme, but will continue to drive the programme to deliver on budget and timetable.</p>	